

Assembly Bill No. 180

CHAPTER 383

An act to amend Section 6363.3 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

[Approved by Governor September 29, 2001. Filed
with Secretary of State October 1, 2001.]

LEGISLATIVE COUNSEL'S DIGEST

AB 180, Cedillo. Sales and use tax exemption: charitable thrift stores.

The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property. That law provides various exemptions from this tax, including an exemption for retail items sold by thrift stores operated by a nonprofit organization, if the purpose of that thrift store is to obtain funding for medical and social services provided to individuals with HIV disease or AIDS by the nonprofit organization. This exemption will be repealed on January 1, 2002.

This bill would revise the definition of a nonprofit organization eligible for this exemption to include organizations that provide hospice services to persons with HIV disease or AIDS. This bill would extend the repeal date of the exemption to January 1, 2007.

Counties and cities are authorized to impose local sales and use taxes in conformity with state sales and use taxes. Exemptions from the state sales and use taxes enacted by the Legislature are incorporated into the local taxes.

Section 2230 of the Revenue and Taxation Code provides that the state will reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.

This bill would provide that, notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for sales and use tax revenues lost by them pursuant to this bill.

This bill would take effect immediately as a tax levy, but its operative date would depend on its effective date.

The people of the State of California do enact as follows:

SECTION 1. Section 6363.3 of the Revenue and Taxation Code is amended to read:

6363.3. (a) There are exempted from the taxes imposed by this part, the gross receipts from the sale in this state of, and the storage, use, or other consumption in this state of, used pieces of clothing, household items, or other retail items sold by thrift stores operated by a nonprofit organization if the purpose of that thrift store is to obtain revenue for the funding of medical, hospice, or social services to chronically ill individuals, and at least 75 percent of those net revenues are actually expended for the purpose of providing medical, hospice, or social services to the chronically ill.

(b) For purposes of this section, “nonprofit organization” means an organization that provides medical, hospice, or social services to individuals with a chronic, life-threatening illness, as defined in subdivision (c) of Section 1568.01 of the Health and Safety Code, and is exempt from taxation under Section 23701d.

(c) This section shall cease to be operative on January 1, 2007, and as of that date is repealed.

SEC. 2. Notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made by this act and the state shall not reimburse any local agency for any sales and use tax revenues lost by it under this act.

SEC. 3. This act provides for a tax levy within the meaning of Article IV of the Constitution and shall go into immediate effect.

